

THE STATE OF SOUTH CAROLINA
In The Court Of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

HONORABLE DEBORAH BROOKS DURDEN, ADMINISTRATIVE LAW JUDGE

CASE NO. 19-ALJ-17-0338-CC
APPELLATE CASE NO. 2021-001528

CASE NO. 19-ALJ-17-0339-CC
APPELLATE CASE NO. 2021-001547

CDT, Inc., and Vimlesh V. Patel and Punita Patel.....Appellants,

v.

South Carolina Department of Revenue,.....Respondent.

**RESPONDENT’S REPLY TO THE APPELLANTS’ CONSOLIDATED RESPONSE IN
OPPOSITION TO THE RESPONDENT’S
MOTION TO DISMISS**

Pursuant to Rule 240, SCACR, Respondent South Carolina Department of Revenue (Department) makes the following reply to the Appellants’ Consolidated Opposition to the Respondent’s Motion to Dismiss (Appellants’ Response). The appeals at issue involve the tax liabilities of two taxpayers, CDT, Inc., and Vimlesh and Punita Patel. The Department moved to dismiss both of their appeals because neither CDT, Inc., nor the Patels paid the amount of tax and interest ordered by the Administrative Law Court (ALC) prior to appealing as required by S.C. Code Ann. § 12-60-3370 (2014).

Appellants’ Response does not deny that both CDT, Inc., and the Patels failed to pay the amount of tax and interest ordered by the ALC prior to appealing. Instead, the Appellants’ attempt

to confuse and mislead this Court into believing there is uncertainty regarding the amount of tax owed and that is why they did not pay the amount of tax and interest prior to appealing. Contrary to the Appellants' assertions, there is no uncertainty regarding the amount of tax and interest that were ordered by the ALC.

In order to understand the appeals before the Court it is first important to understand the connection between the two Appellants. Appellant CDT, Inc., is an S Corporation and therefore its income is not taxed at the corporate level, rather that income flows through to the shareholders and is taxed at the shareholder level. CDT, Inc., is solely owned and controlled exclusively by Appellant Vimlesh Patel. Therefore, the income of CDT, Inc., flows through to Mr. Patel where it is to be included on his South Carolina individual income tax returns and subject to tax. While CDT, Inc.'s income is not subject to income tax, CDT must still pay Corporate License fees.¹

The only issue currently before this Court is whether the Appellants paid the taxes and interest ordered by the ALC prior to filing the Notice of Appeal, which is required by § 12-60-3370. The first eight pages of the Appellants' ten page Response In Opposition only recounts allegations about the Department's conduct prior to trial. These allegations are irrelevant to whether the Appellants satisfied the statutory prerequisite to pursuit of this appeal. The only relevant issue is conceded: Appellants' do not deny that they have not paid the taxes or interest for either Appellant. Instead, to justify their failure to comply with § 12-60-3370, the Appellants assert that the Department's calculations of the amount of tax, interest, and penalties, as ordered by the ALC, is incorrect, therefore they were not obligated to pay it prior to appealing.

¹Pursuant to S.C. Code Ann. § 12-60-30 (Supp. 2020) fees, including Corporate License Fees, fall within the definition of a tax.

The timing of Appellants' decision to assert that the Department's calculations are incorrect is both quizzical and ultimately fatal to their appeals. In the Amended Final Order, the ALC ordered that the matter be remanded to the Department so the Department could calculate the taxes, penalties, and interest owed by both Appellants. The Court ordered that the Department provide the Appellants with a statement of the amount owed within fifteen (15) days of the date of the Order. There is no dispute that the Department completed those calculations and provided a "statement of amounts owed" to the Appellants within the required fifteen (15) days. The Amended Final Order then states "IT IS FURTHER ORDERED that Appellants may, within 15 days of receiving the statement of amounts owed, move this Court for further examination of SCDOR's calculations if there is disagreement." In light of this Order, if Appellants objected to or were unclear about "the statement of amounts owed," they were obligated to bring the issue before the ALC via a motion "for further examination of SCDOR's calculations." Appellants did not do so and, in fact, never contacted the Department to express any disagreement about the statement of amounts owed.

The Appellants seemingly ignored the ALC's Order and instead make the factually and legally incorrect assertion that the "Appellants sole avenue to address the continued errors of the Respondent is this Court." Contrary to the Appellants' assertions, appealing to this Court was not their "sole avenue" to address the Department's calculations, rather, they were ordered to bring any disagreement with the Department's calculations before the ALC.²

²At this stage, the Appellants have not set out all of their objections to the ALC's decision. In the event that the Appellants have an issue with the amount of the Department's income tax assessment, that issue is likely not preserved for appeal due to the failure to abide by the ALC's Order.

The Appellants cannot now come before this Court and use disagreement with the Department's calculations as a basis for their noncompliance with § 12-60-3370. The ALC ordered that the Appellants move before the ALC if there was disagreement with the Department's calculations. This Order allowed the ALC an opportunity to rule upon the disagreement if such existed. The Appellants never moved the ALC for further examination of the Department's calculations and thereby deprived the ALC of the opportunity to examine the Department's statement of amounts owed, indicating, of course, that there was no such disagreement. It is well settled law that an appellate court cannot address an issue unless it was raised to and ruled upon by the trial court. *Chastain v. Hiltabidle*, 673 S.E.2d 826, 829, 381 S.C. 508, 514-15 (Ct.App. 2009), citing, *Lucas v. Rawl Family Ltd. P'ship*, 359 S.C. 505, 510-511, 598 S.E.2d 712, 715 (2004). Because the Appellants did not raise their disagreement with the Department's calculations to the ALC, they have waived their opportunity to dispute the Department's calculations. Moreover, that issue is not preserved and they cannot now use that as a basis to avoid compliance with § 12-60-3370.

Even if the Appellants were entitled to argue disagreement with the Department's calculations as a basis for their noncompliance with § 12-60-3370, there is no genuine basis for Appellants alleged disagreement with the Department's calculations. According to Appellants, they disagree with the Department's calculations because, "Respondent continues to overstate the taxable income attributable to Appellants, presently by approximately \$100,000." (Appellants' Response p. 9). To support this argument, the Appellants provide this Court with a table they label as "Taxable Income ALC Order" next to "Taxable Income Respondent's Email". (Appellants' Response p. 9). The Department does not disagree with the amounts listed in either column, or that those numbers are different. The facts of this case, known to the ALC and the Appellants,

easily explain these differences. Unfortunately for this Court, Appellants' Response omits the explanation for the differences.

As the record reflects, the parties entered into a Joint Stipulation and offered that Joint Stipulation at trial. The ALC included that Joint Stipulation in the Amended Final Order. (Amended Final Order p. 2). That Stipulation includes the following paragraphs:

2. The Petitioners Vimlesh V. Patel and Punita Patel have income from sources other than CDT, Inc. for the periods at issue. The amount of income the Petitioners Vimlesh V. Patel and Punita Patel earned from other sources is not in dispute. Furthermore the expenses of the Petitioners Vimlesh V. Patel and Punita Patel are not in dispute. Because these issues are not in dispute the parties stipulate that such will not be argued at the hearing.

3. Once the Court determines the amount of income generated for Petitioner, CDT, Inc., the Department can then calculate the specific amount of tax and interest and penalties, if any, for the Petitioners Vimlesh V. Patel and Punita Patel.

Pursuant to the explicit terms of the Joint Stipulation, Appellants Vimlesh V. Patel and Punita Patel have income from sources other than CDT, Inc. for the periods at issue and the amount of that income is not in dispute. Once the ALC determined the income coming from CDT, Inc., the amount of tax owed by the Patels on all of their income could be calculated. Stated simply, the Appellants admitted in the Joint Stipulation that they earned other income and that they owed tax on that income.

Appellants' Response fails to include any mention of the Stipulation or the additional income the Appellants admitted they earned and on which they owed tax. Instead, the Appellants' Response presents its arguments as though the only income involved in these appeals is the income generated by CDT, Inc. As the Stipulation clearly explains, that is simply not accurate. To support their argument, the Appellants' Response includes a chart labeled "Taxable Income ALC Order." The label on Appellants' chart is inaccurate and misleading. The Amended Final Order does not

refer to generic “Taxable Income.” The ALC’s Amended Final Order actually establishes “the following net income [of CDT] which flows through to Mr. Patel.” (Amended Final Order p. 12). The Amended Final Order then provides the exact amount of net income flowing to the Patels each year from CDT, Inc. These amounts are identical to the amounts listed in Appellants’ chart as “Taxable Income ALC Order.” The Appellants suggest that the amounts listed on their chart as “Taxable Income ALC Order” are the total amount of income for which the Patels are liable for income tax. That is not what the Amended Final Order states nor is it consistent with the Patels’ pre-trial stipulation. The Appellants know that the amount of income flowing through from CDT, Inc., to the Patels is not the only income for which the Patels are liable for income tax.

The additional income that the Patels stipulated that they earned is the sole reason for the difference between the amounts listed in Appellants’ chart as “Taxable Income ALC Order” and “Taxable Income Respondent’s Email.” As explained more fully below, the net income which flows through to Mr. Patel as ordered by the Court, plus the additional stipulated income, equals the amount subject to tax in the Department’s calculations. The Appellants knew of that additional income and stipulated that it would be in addition to the amount of income flowing from CDT, Inc.

Appellants’ Exhibit E does not contain the full version of the calculations that the Department gave to the Appellants as ordered by the ALC. A complete copy of the statement of amounts owed by the Patels that the Department provided in response to the ALC’s Order is attached hereto as Exhibit 1. A complete copy of the statement of amounts owed by CDT that the Department provided in response to the ALC’s Order is attached hereto as Exhibit 2. Every tax year at issue in both audits are treated consistently, therefore in the interests of judicial economy the Department will limit its explanation to only 2016.

Exhibit 1 includes the calculations for the Patel's 2016 income tax liability. The very first page clearly states the tax, penalty, and interest owed by the Patels for 2016. The fifth page is labeled Individual Income Federal Schedule Adjustments for 2016. There are five different Schedule E sources of income for the Patels for 2016. One of the lines states "Schedule E 32. Partnership & S-Corp Income (Loss)" and provides \$0 reported and \$2,842,861.00 determined by the audit. This is the income flowing to the Patels from the S Corporation, CDT, Inc. \$2,842,861.00 is the amount listed in the Amended Final Order as the amount of income flowing through to Mr. Patel from CDT, Inc for 2016. Because the Patels had additional income from sources other than CDT, Inc., which they admitted and agreed to in the Joint Stipulation, the calculation of their taxable income for 2016 did not end with the pass-through income from CDT, Inc. Rather, as Exhibit 1 demonstrates, the Patels had additional income from their other Partnerships and S-Corps, which is added to their CDT, Inc., income to determine their total income. A review of Exhibit 1 in its entirety demonstrates that the Department provided the Appellants similar calculations for each year of the audit and that the pass-through income from CDT is the same as is reflected in the ALC's Amended Final Order. The documents for each year for Appellant Patels contain a line stating "Schedule E 32. Partnership & S-Corp Income (Loss)" and provides the amount of income flowing through to the Patels from CDT as ordered by the ALC. Furthermore, the documents for each year also contain the additional income the Patels earned from sources other than CDT, Inc. Again, the Appellants not only knew about this additional income, but more significantly they stipulated to the existence and inclusion of such within their income.

Exhibit 2 contains the Department's calculations for the liability of Appellant CDT, Inc. Appellant CDT, Inc., is a subchapter S Corporation and therefore it is not subject to income tax in

South Carolina to the extent it would be exempt from federal corporate income tax. S.C. Code Ann. § 12-6-590 (2014). The income of an S Corporation is passed through to its shareholders and each shareholder includes its share of South Carolina S Corporation income on that shareholder's individual income tax return. *Id.* While an S Corporation does not pay income tax, it is still required to pay corporate license fee pursuant to Chapter 20 of Title 12 of the South Carolina Code.

S.C. Code Ann. § 12-20-50 (2014) provides:

(A) Except as provided in Section 12-20-100, every corporation required to file an annual report shall pay an annual license fee of fifteen dollars plus one dollar for each thousand dollars, or fraction of a thousand dollars, of capital stock and paid-in or capital surplus of the corporation as shown by the records of the corporation on the first day of the taxable year in which the report is filed. **In no case may the license fee provided by this section be less than twenty-five dollars.** The license fee must be paid on or before the original due date for filing the annual report. (Emphasis added).

Accordingly, the minimum license fee a corporation can owe each year is \$25.00. As Exhibit 2 demonstrates, the Department calculated the minimum required corporate license fee of \$25.00 for CDT, Inc. The Department calculated that same \$25.00 minimum for each year of the audit. The Appellants' Response offers no disagreement with the Department's calculations of the corporate license fee. The fact that the Department calculated the fee as only the statutory minimum makes any disagreement with the calculation impossible. As a review of Appellants' Response demonstrates, Appellant CDT, Inc., has not provided any explanation or excuse as to why it failed to pay the corporate license fees it owed prior to appealing as required by § 12-60-3370.

The Appellants' Response cites to the unpublished opinion of *Beltram v. South Carolina Department of Revenue*, Unpublished Opinion No. 2019-UP-349. As the Appellants acknowledge,

this opinion is unpublished. Pursuant to Rule 268(d)(2) of SCACR, unpublished orders “have no precedential value and should not be cited except in proceedings in which they are directly involved.” Of course, the *Beltram* case is not involved at all, much less directly involved, with this case. Accordingly, this Court should ignore the Appellants’ reliance upon *Beltram*.

Nevertheless, *Beltram* is clearly distinguishable from the present matter. In *Beltram*, this Court excused Beltram’s failure to pay the tax and interest before appealing because Mr. Beltram was unable to determine the amount owed based upon the ALC’s order. The amount Mr. Beltram owed was so unclear this Court remanded the matter back to the ALC and the ALC required briefing before it was able to determine the amount Mr. Beltram owed. Unlike in *Beltram*, in the present matter there is no uncertainty in the amount of tax and interest owed. The Appellants now claim they disagree with the amount, but there is no issue as the specificity of the amount. As Exhibits 1 and 2 reflect, the amount of tax and interest due for each year was clearly provided to the Appellants. Furthermore, unlike in *Beltram*, in the present matter the ALC ordered that any disagreement with the Department’s calculations be brought before the ALC for a ruling. The Appellants made no such motion and, in fact, never expressed any disagreement with the Department’s calculation of the income tax and license fees owed by the Appellants. Accordingly, the Appellants’ reliance upon the unpublished decision in *Beltram* is both impermissible and unpersuasive.

CONCLUSION

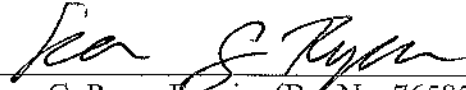
Appellants had a statutory obligation to pay the tax and interest ordered by the ALC prior to the filing their appeals. S.C. Code Ann. § 12-60-3370. The Appellants have undisputedly failed to comply with this requirement. Appellants now come before this Court seeking to have their failure to comply excused because they are allegedly in disagreement with the calculations of their

tax liabilities. As explained herein, the Appellants' claim they are in disagreement with the liability calculated for the Patels because it utilized the total income of the Patels and not simply the income flowing to the Patels from CDT, Inc. Appellants not only knew the Patels had additional income beyond what they earned from CDT, Inc., they stipulated to the existence of such income and inclusion in the Patels' taxable income. Appellants failed to provide any explanation for why they should not be required to pay tax and interest on income they stipulated existed and is subject to tax. Appellant Patels should not be allowed to violate the express requirements of § 12-60-3370 because the liability they are required to pay includes amounts they stipulated exist and are subject to tax.

The Appellants failed to provide any explanation for why Appellant CDT, Inc. failed to pay the corporate license fee and interest prior to appealing. The Department calculated the statutory minimum amount of corporate license fee tax. It is inexplicable under any theory that Appellant CDT, Inc., could owe less corporate license fee than the statutory minimum. Accordingly, the Appellants have no argument to excuse their failure to pay the corporate license fee and interest prior to appealing.

The Amended Final Order at issue in these appeals ordered the Appellants to bring any disagreement to the ALC's attention. The Appellants never notified the Department of any disagreement nor did they seek any clarification from the Department regarding its calculations. More significantly, the Appellants failed to bring their alleged disagreement to the ALC's attention thereby preventing the ALC from ruling upon that issue. The Appellants have waived their opportunity to dispute the Department's calculations and that issue cannot be brought before this Court.

Because the Appellants have neither paid the tax and interest owed, nor posted a bond for such as required by S.C. Code Ann. § 12-60-3370, the Department moves that their appeals be dismissed based on a lack of appellate jurisdiction.



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EXHIBIT 1



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

AS-35
(Rev. 10/23/19)
6447

Issued:
11/23/21

Individual Income Audit Period Summary for 2012

Period	Tax	Penalty	Interest	Total
12/31/2012	\$52,609.00	\$26,304.50	\$20,535.07	\$99,448.57
	\$52,609.00	\$26,304.50	\$20,535.07	\$99,448.57

Individual Income Audit Penalty Summary for 2012

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2012	\$13,152.25	\$0.00	\$13,152.25
	\$13,152.25	\$0.00	\$13,152.25

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2012	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

Issued:
11/23/21

Individual Income Adjustments Summary for 2012

	Reported	Audited
1. Federal Taxable Income	\$27,109	\$778,715
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$27,109	\$778,715
4. Total Subtractions	\$0	\$0
5. South Carolina Income Subject to Tax	\$27,109	\$778,715
10. Total South Carolina Tax	\$1,425	\$54,034
15. Tax less Non-Refundable Credits	\$1,414	\$54,023
23. Total Payments	\$1,222	\$1,222
24. Overpayment	\$0	\$0
25. Amount Due	\$192	\$52,801
26. Use Tax	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$192	\$52,801



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

Issued:
11/23/21

Individual Income and Adjustments for 2012

	Reported	Audited
1. Federal Taxable Income	\$27,109	\$778,715
a. State Tax Addback	\$0	\$0
b. Out-of-State Losses	\$0	\$0
c. Expenses for National Guard / Military Reserve Income	\$0	\$0
d. Interest Income on Out-of-State Obligations	\$0	\$0
e. Other Additions to Income	\$0	\$0
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$27,109	\$778,715
f. State Tax Refund	\$0	\$0
g. Permanent Disability Retirement Income	\$0	\$0
h. Out-of-State Income/Gain	\$0	\$0
i. 44% of Net Capital Gains Held for More than One Year	\$0	\$0
j. Volunteer Deductions	\$0	\$0
k. Contributions to SC College or Tuition Programs	\$0	\$0
l. Active Trade of Business Income Deduction	\$0	\$0
m. Interest Income from Obligations of the US Government	\$0	\$0
n. Nontaxable National Guard or Reserve Pay	\$0	\$0
o. Social Security and/or Railroad Retirement	\$0	\$0
p. Retirement Deduction		
p-1. Taxpayer	\$0	\$0
p-2. Spouse	\$0	\$0
p-3. Surviving Spouse #1	\$0	\$0
p-4. Surviving Spouse #2	\$0	\$0
Military Retirement Deduction		
p-4. Taxpayer	\$0	\$0
p-5. Spouse	\$0	\$0
p-6. Surviving Spouse	\$0	\$0
q. Age 65 and Older Deduction		
q-1. Taxpayer	\$0	\$0
q-2. Spouse	\$0	\$0
r. Negative Amount of Federal Taxable Income	\$0	\$0
s. Subsistence Allowance @ \$8.00	\$0	\$0
t. Dependents Under the Age of 6 on December 31st	\$0	\$0
u. Consumer Protection Services	\$0	\$0
v. Other Subtractions	\$0	\$0
w. South Carolina Dependent Exemption	\$0	\$0
4. Total Subtractions	\$0	\$0



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

Issued:
11/23/21

Individual Income Tax, Overpayments and Credits for 2012

	Reported	Audited
5. South Carolina Income Subject to Tax	\$27,109	\$778,715
6. South Carolina Tax	\$1,425	\$54,034
7. Tax on Lump Sum Distribution	\$0	\$0
8. Tax on Active Trade of Business Income	\$0	\$0
9. Tax on Excess Withdrawals from Catastrophe Savings	\$0	\$0
10. Total South Carolina Tax	\$1,425	\$54,034
11. Child and Dependent Care	\$0	\$0
12. Two Wage Earner Credit	\$11	\$11
13. Other Non-Refundable Credits	\$0	\$0
14. Total Non-Refundable Credits	\$11	\$11
15. Tax less Non-Refundable Credits	\$1,414	\$54,023
16. SC Income Tax Withheld	\$1,222	\$1,222
17. Estimated Tax Payments	\$0	\$0
18. Amount Paid with Extension	\$0	\$0
19. NR Sale of Real Estate	\$0	\$0
20. Other SC Withholding	\$0	\$0
21. Tuition Tax Credit	\$0	\$0
22a. Anhydrous Ammonia	\$0	\$0
22b. Milk Credit	\$0	\$0
22c. Classroom Teacher Expenses	\$0	\$0
22d. Parental Refundable Credit	\$0	\$0
22e. Motor Fuel Income Tax Credit	\$0	\$0
22. Total Other Refundable Credits	\$0	\$0
23. Total Payments	\$1,222	\$1,222
24. Overpayment	\$0	\$0
25. Amount Due	\$192	\$52,801
26. Use Tax	\$0	\$0
27. Amount of Line 24 to be Credited to Estimated Tax	\$0	\$0
28. Total Contributions for Check-offs	\$0	\$0
29. Sum of Lines 26-28	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$192	\$52,801


Individual Income Federal Schedule Adjustments for 2012

Tax Schedule	Line Description	Description	Reported Amount	Audited Amount	Adjusted Amount
Schedule E	03.	Rents received	\$0.00	\$2,964.00	\$2,964.00
Schedule E	03.	Rents received	\$0.00	\$4,019.00	\$4,019.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$17,799.00	\$17,799.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$2,472.00	\$2,472.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$18,780.00	\$18,780.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$3,874.00	\$3,874.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$28,656.00	\$730,354.00	\$701,698.00
			\$28,656.00	\$780,262.00	\$751,606.00



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

Issued:
11/23/21

Individual Income Audit Period Summary for 2013

Period	Tax	Penalty	Interest	Total
12/31/2013	\$84,099.00	\$42,049.50	\$29,520.39	\$155,668.89
	\$84,099.00	\$42,049.50	\$29,520.39	\$155,668.89

Individual Income Audit Penalty Summary for 2013

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2013	\$21,024.75	\$0.00	\$21,024.75
	\$21,024.75	\$0.00	\$21,024.75

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2013	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

Issued:
11/23/21

Individual Income Adjustments Summary for 2013

	Reported	Audited
1. Federal Taxable Income	\$0	\$1,212,249
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$0	\$1,212,249
4. Total Subtractions	\$0	\$3,900
5. South Carolina Income Subject to Tax	\$0	\$1,208,349
10. Total South Carolina Tax	\$0	\$84,099
15. Tax less Non-Refundable Credits	\$0	\$84,099
23. Total Payments	\$0	\$0
24. Overpayment	\$0	\$0
25. Amount Due	\$0	\$84,099
26. Use Tax	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$0	\$84,099



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

Issued:
11/23/21

Individual Income and Adjustments for 2013

	Reported	Audited
1. Federal Taxable Income	\$0	\$1,212,249
a. State Tax Addback	\$0	\$0
b. Out-of-State Losses	\$0	\$0
c. Expenses for National Guard / Military Reserve Income	\$0	\$0
d. Interest Income on Out-of-State Obligations	\$0	\$0
e. Other Additions to Income	\$0	\$0
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$0	\$1,212,249
f. State Tax Refund	\$0	\$0
g. Permanent Disability Retirement Income	\$0	\$0
h. Out-of-State Income/Gain	\$0	\$0
i. 44% of Net Capital Gains Held for More than One Year	\$0	\$0
j. Volunteer Deductions	\$0	\$0
k. Contributions to SC College or Tuition Programs	\$0	\$0
l. Active Trade of Business Income Deduction	\$0	\$0
m. Interest Income from Obligations of the US Government	\$0	\$0
n. Nontaxable National Guard or Reserve Pay	\$0	\$0
o. Social Security and/or Railroad Retirement	\$0	\$0
p. Retirement Deduction		
p-1. Taxpayer	\$0	\$0
p-2. Spouse	\$0	\$0
p-3. Surviving Spouse #1	\$0	\$0
p-4. Surviving Spouse #2	\$0	\$0
Military Retirement Deduction		
p-4. Taxpayer	\$0	\$0
p-5. Spouse	\$0	\$0
p-6. Surviving Spouse	\$0	\$0
q. Age 65 and Older Deduction		
q-1. Taxpayer	\$0	\$0
q-2. Spouse	\$0	\$0
r. Negative Amount of Federal Taxable Income	\$0	\$0
s. Subsistence Allowance @ \$8.00	\$0	\$0
t. Dependents Under the Age of 6 on December 31st	\$0	\$3,900
u. Consumer Protection Services	\$0	\$0
v. Other Subtractions	\$0	\$0
w. South Carolina Dependent Exemption	\$0	\$0
4. Total Subtractions	\$0	\$3,900



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
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Individual Income Tax, Overpayments and Credits for 2013

	Reported	Audited
5. South Carolina Income Subject to Tax	\$0	\$1,208,349
6. South Carolina Tax	\$0	\$84,099
7. Tax on Lump Sum Distribution	\$0	\$0
8. Tax on Active Trade of Business Income	\$0	\$0
9. Tax on Excess Withdrawals from Catastrophe Savings	\$0	\$0
10. Total South Carolina Tax	\$0	\$84,099
11. Child and Dependent Care	\$0	\$0
12. Two Wage Earner Credit	\$0	\$0
13. Other Non-Refundable Credits	\$0	\$0
14. Total Non-Refundable Credits	\$0	\$0
15. Tax less Non-Refundable Credits	\$0	\$84,099
16. SC Income Tax Withheld	\$0	\$0
17. Estimated Tax Payments	\$0	\$0
18. Amount Paid with Extension	\$0	\$0
19. NR Sale of Real Estate	\$0	\$0
20. Other SC Withholding	\$0	\$0
21. Tuition Tax Credit	\$0	\$0
22a. Anhydrous Ammonia	\$0	\$0
22b. Milk Credit	\$0	\$0
22c. Classroom Teacher Expenses	\$0	\$0
22d. Parental Refundable Credit	\$0	\$0
22e. Motor Fuel Income Tax Credit	\$0	\$0
22. Total Other Refundable Credits	\$0	\$0
23. Total Payments	\$0	\$0
24. Overpayment	\$0	\$0
25. Amount Due	\$0	\$84,099
26. Use Tax	\$0	\$0
27. Amount of Line 24 to be Credited to Estimated Tax	\$0	\$0
28. Total Contributions for Check-offs	\$0	\$0
29. Sum of Lines 26-28	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$0	\$84,099


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Individual Income Federal Schedule Adjustments for 2013

Tax Schedule	Line Description	Description	Reported Amount	Audited Amount	Adjusted Amount
Federal 1040	13.	Capital gain or (loss)	\$0.00	\$13,333.00	\$13,333.00
Federal 1040	40.	Total standard deductions	\$0.00	\$12,200.00	-\$12,200.00
Federal 1040	42.	Exemptions	\$0.00	\$11,700.00	-\$11,700.00
Schedule E	03.	Rents received	\$0.00	\$2,200.00	\$2,200.00
Schedule E	03.	Rents received	\$0.00	\$3,403.00	\$3,403.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$1,215,947.00	\$1,215,947.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	-\$2,759.00	-\$2,759.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	-\$3,224.00	-\$3,224.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$5,089.00	\$5,089.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$2,160.00	\$2,160.00
			\$0.00	\$1,260,049.00	\$1,212,249.00



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

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Individual Income Audit Period Summary for 2014

Period	Tax	Penalty	Interest	Total
12/31/2014	\$103,684.00	\$51,842.00	\$32,255.29	\$187,781.29
	\$103,684.00	\$51,842.00	\$32,255.29	\$187,781.29

Individual Income Audit Penalty Summary for 2014

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2014	\$25,921.00	\$0.00	\$25,921.00
	\$25,921.00	\$0.00	\$25,921.00

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2014	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00



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DEPARTMENT OF REVENUE
Individual Income Working Paper

Issued:
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Individual Income Adjustments Summary for 2014

	Reported	Audited
1. Federal Taxable Income	\$0	\$1,492,156
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$0	\$1,492,156
4. Total Subtractions	\$0	\$3,950
5. South Carolina Income Subject to Tax	\$0	\$1,488,206
10. Total South Carolina Tax	\$0	\$103,684
15. Tax less Non-Refundable Credits	\$0	\$103,684
23. Total Payments	\$0	\$0
24. Overpayment	\$0	\$0
25. Amount Due	\$0	\$103,684
26. Use Tax	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$0	\$103,684



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

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Individual Income and Adjustments for 2014

	Reported	Audited
1. Federal Taxable Income	\$0	\$1,492,156
a. State Tax Addback	\$0	\$0
b. Out-of-State Losses	\$0	\$0
c. Expenses for National Guard / Military Reserve Income	\$0	\$0
d. Interest Income on Out-of-State Obligations	\$0	\$0
e. Other Additions to Income	\$0	\$0
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$0	\$1,492,156
f. State Tax Refund	\$0	\$0
g. Permanent Disability Retirement Income	\$0	\$0
h. Out-of-State Income/Gain	\$0	\$0
i. 44% of Net Capital Gains Held for More than One Year	\$0	\$0
j. Volunteer Deductions	\$0	\$0
k. Contributions to SC College or Tuition Programs	\$0	\$0
l. Active Trade of Business Income Deduction	\$0	\$0
m. Interest Income from Obligations of the US Government	\$0	\$0
n. Nontaxable National Guard or Reserve Pay	\$0	\$0
o. Social Security and/or Railroad Retirement	\$0	\$0
p. Retirement Deduction	\$0	\$0
p-1. Taxpayer	\$0	\$0
p-2. Spouse	\$0	\$0
p-3. Surviving Spouse #1	\$0	\$0
p-4. Surviving Spouse #2	\$0	\$0
Military Retirement Deduction	\$0	\$0
p-4. Taxpayer	\$0	\$0
p-5. Spouse	\$0	\$0
p-6. Surviving Spouse	\$0	\$0
q. Age 65 and Older Deduction	\$0	\$0
q-1. Taxpayer	\$0	\$0
q-2. Spouse	\$0	\$0
r. Negative Amount of Federal Taxable Income	\$0	\$0
s. Subsistence Allowance @ \$8.00	\$0	\$0
t. Dependents Under the Age of 6 on December 31st	\$0	\$3,950
u. Consumer Protection Services	\$0	\$0
v. Other Subtractions	\$0	\$0
w. South Carolina Dependent Exemption	\$0	\$0
4. Total Subtractions	\$0	\$3,950



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

Individual Income Tax, Overpayments and Credits for 2014

	Reported	Audited
5. South Carolina Income Subject to Tax	\$0	\$1,488,206
6. South Carolina Tax	\$0	\$103,684
7. Tax on Lump Sum Distribution	\$0	\$0
8. Tax on Active Trade of Business Income	\$0	\$0
9. Tax on Excess Withdrawals from Catastrophe Savings	\$0	\$0
10. Total South Carolina Tax	\$0	\$103,684
11. Child and Dependent Care	\$0	\$0
12. Two Wage Earner Credit	\$0	\$0
13. Other Non-Refundable Credits	\$0	\$0
14. Total Non-Refundable Credits	\$0	\$0
15. Tax less Non-Refundable Credits	\$0	\$103,684
16. SC Income Tax Withheld	\$0	\$0
17. Estimated Tax Payments	\$0	\$0
18. Amount Paid with Extension	\$0	\$0
19. NR Sale of Real Estate	\$0	\$0
20. Other SC Withholding	\$0	\$0
21. Tuition Tax Credit	\$0	\$0
22a. Anhydrous Ammonia	\$0	\$0
22b. Milk Credit	\$0	\$0
22c. Classroom Teacher Expenses	\$0	\$0
22d. Parental Refundable Credit	\$0	\$0
22e. Motor Fuel Income Tax Credit	\$0	\$0
22. Total Other Refundable Credits	\$0	\$0
23. Total Payments	\$0	\$0
24. Overpayment	\$0	\$0
25. Amount Due	\$0	\$103,684
26. Use Tax	\$0	\$0
27. Amount of Line 24 to be Credited to Estimated Tax	\$0	\$0
28. Total Contributions for Check-offs	\$0	\$0
29. Sum of Lines 26-28	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$0	\$103,684


 Issued:
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Individual Income Federal Schedule Adjustments for 2014

Tax Schedule	Line Description	Description	Reported Amount	Audited Amount	Adjusted Amount
Federal 1040	40.	Total standard deductions	\$0.00	\$12,400.00	-\$12,400.00
Federal 1040	42.	Exemptions	\$0.00	\$11,850.00	-\$11,850.00
Schedule E	03.	Rents received	\$0.00	\$3,805.00	\$3,805.00
Schedule E	03.	Rents received	\$0.00	\$7,803.00	\$7,803.00
Schedule E	03.	Rents received	\$0.00	\$7,340.00	\$7,340.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$2,599.00	\$2,599.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$1,488,431.00	\$1,488,431.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$6,382.00	\$6,382.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$4,236.00	\$4,236.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	-\$4,190.00	-\$4,190.00
			\$0.00	\$1,540,656.00	\$1,492,156.00



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

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Individual Income Audit Period Summary for 2015

Period	Tax	Penalty	Interest	Total
12/31/2015	\$155,894.00	\$77,947.00	\$42,294.04	\$276,135.04
	\$155,894.00	\$77,947.00	\$42,294.04	\$276,135.04

Individual Income Audit Penalty Summary for 2015

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2015	\$38,973.50	\$0.00	\$38,973.50
	\$38,973.50	\$0.00	\$38,973.50

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2015	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00



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Individual Income Adjustments Summary for 2015

	Reported	Audited
1. Federal Taxable Income	\$0	\$2,238,122
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$0	\$2,238,122
4. Total Subtractions	\$0	\$4,000
5. South Carolina Income Subject to Tax	\$0	\$2,234,122
10. Total South Carolina Tax	\$0	\$155,894
15. Tax less Non-Refundable Credits	\$0	\$155,894
23. Total Payments	\$0	\$0
24. Overpayment	\$0	\$0
25. Amount Due	\$0	\$155,894
26. Use Tax	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$0	\$155,894



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DEPARTMENT OF REVENUE
Individual Income Working Paper

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Individual Income and Adjustments for 2015

	Reported	Audited
1. Federal Taxable Income	\$0	\$2,238,122
a. State Tax Addback	\$0	\$0
b. Out-of-State Losses	\$0	\$0
c. Expenses for National Guard / Military Reserve Income	\$0	\$0
d. Interest Income on Out-of-State Obligations	\$0	\$0
e. Other Additions to Income	\$0	\$0
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$0	\$2,238,122
f. State Tax Refund	\$0	\$0
g. Permanent Disability Retirement Income	\$0	\$0
h. Out-of-State Income/Gain	\$0	\$0
i. 44% of Net Capital Gains Held for More than One Year	\$0	\$0
j. Volunteer Deductions	\$0	\$0
k. Contributions to SC College or Tuition Programs	\$0	\$0
l. Active Trade of Business Income Deduction	\$0	\$0
m. Interest Income from Obligations of the US Government	\$0	\$0
n. Nontaxable National Guard or Reserve Pay	\$0	\$0
o. Social Security and/or Railroad Retirement	\$0	\$0
p. Retirement Deduction		
p-1. Taxpayer	\$0	\$0
p-2. Spouse	\$0	\$0
p-3. Surviving Spouse #1	\$0	\$0
p-4. Surviving Spouse #2	\$0	\$0
Military Retirement Deduction		
p-4. Taxpayer	\$0	\$0
p-5. Spouse	\$0	\$0
p-6. Surviving Spouse	\$0	\$0
q. Age 65 and Older Deduction		
q-1. Taxpayer	\$0	\$0
q-2. Spouse	\$0	\$0
r. Negative Amount of Federal Taxable Income	\$0	\$0
s. Subsistence Allowance @ \$8.00	\$0	\$0
t. Dependents Under the Age of 6 on December 31st	\$0	\$4,000
u. Consumer Protection Services	\$0	\$0
v. Other Subtractions	\$0	\$0
w. South Carolina Dependent Exemption	\$0	\$0
4. Total Subtractions	\$0	\$4,000



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Individual Income Tax, Overpayments and Credits for 2015

	Reported	Audited
5. South Carolina Income Subject to Tax	\$0	\$2,234,122
6. South Carolina Tax	\$0	\$155,894
7. Tax on Lump Sum Distribution	\$0	\$0
8. Tax on Active Trade of Business Income	\$0	\$0
9. Tax on Excess Withdrawals from Catastrophe Savings	\$0	\$0
10. Total South Carolina Tax	\$0	\$155,894
11. Child and Dependent Care	\$0	\$0
12. Two Wage Earner Credit	\$0	\$0
13. Other Non-Refundable Credits	\$0	\$0
14. Total Non-Refundable Credits	\$0	\$0
15. Tax less Non-Refundable Credits	\$0	\$155,894
16. SC Income Tax Withheld	\$0	\$0
17. Estimated Tax Payments	\$0	\$0
18. Amount Paid with Extension	\$0	\$0
19. NR Sale of Real Estate	\$0	\$0
20. Other SC Withholding	\$0	\$0
21. Tuition Tax Credit	\$0	\$0
22a. Anhydrous Ammonia	\$0	\$0
22b. Milk Credit	\$0	\$0
22c. Classroom Teacher Expenses	\$0	\$0
22d. Parental Refundable Credit	\$0	\$0
22e. Motor Fuel Income Tax Credit	\$0	\$0
22. Total Other Refundable Credits	\$0	\$0
23. Total Payments	\$0	\$0
24. Overpayment	\$0	\$0
25. Amount Due	\$0	\$155,894
26. Use Tax	\$0	\$0
27. Amount of Line 24 to be Credited to Estimated Tax	\$0	\$0
28. Total Contributions for Check-offs	\$0	\$0
29. Sum of Lines 26-28	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$0	\$155,894


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Individual Income Federal Schedule Adjustments for 2015

Tax Schedule	Line Description	Description	Reported Amount	Audited Amount	Adjusted Amount
Federal 1040	40. Total standard deductions		\$0.00	\$12,600.00	-\$12,600.00
Federal 1040	42. Exemptions		\$0.00	\$12,000.00	-\$12,000.00
Federal 1040	21. Other income	Other portfolio income from K1	\$0.00	\$74.00	\$74.00
Schedule E	03. Rents received		\$0.00	\$11,199.00	\$11,199.00
Schedule E	03. Rents received		\$0.00	\$5,040.00	\$5,040.00
Schedule E	03. Rents received		\$0.00	\$3,546.00	\$3,546.00
Schedule E	32. Partnership & S-Corp Income (Loss)		\$0.00	\$19,636.00	\$19,636.00
Schedule E	32. Partnership & S-Corp Income (Loss)		\$0.00	\$12,075.00	\$12,075.00
Schedule E	32. Partnership & S-Corp Income (Loss)		\$0.00	\$5,803.00	\$5,803.00
Schedule E	32. Partnership & S-Corp Income (Loss)		\$0.00	\$2,205,349.00	\$2,205,349.00
			\$0.00	\$2,287,322.00	\$2,238,122.00



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

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Individual Income Audit Period Summary for 2016

Period	Tax	Penalty	Interest	Total
12/31/2016	\$199,481.00	\$99,740.50	\$44,176.01	\$343,397.51
	\$199,481.00	\$99,740.50	\$44,176.01	\$343,397.51

Individual Income Audit Penalty Summary for 2016

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2016	\$49,870.25	\$49,870.25	\$0.00
	\$49,870.25	\$49,870.25	\$0.00

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2016	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00



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Individual Income Working Paper

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Individual Income Adjustments Summary for 2016

	Reported	Audited
1. Federal Taxable Income	\$0	\$2,860,861
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$0	\$2,860,861
4. Total Subtractions	\$0	\$4,050
5. South Carolina Income Subject to Tax	\$0	\$2,856,811
10. Total South Carolina Tax	\$0	\$199,481
15. Tax less Non-Refundable Credits	\$0	\$199,481
23. Total Payments	\$0	\$0
24. Overpayment	\$0	\$0
25. Amount Due	\$0	\$199,481
26. Use Tax	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$0	\$199,481



STATE OF SOUTH CAROLINA
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Individual Income and Adjustments for 2016

	Reported	Audited
1. Federal Taxable Income	\$0	\$2,860,861
a. State Tax Addback	\$0	\$0
b. Out-of-State Losses	\$0	\$0
c. Expenses for National Guard / Military Reserve Income	\$0	\$0
d. Interest Income on Out-of-State Obligations	\$0	\$0
e. Other Additions to Income	\$0	\$0
2. Total Additions	\$0	\$0
3. Sum of Federal Taxable Income and Additions	\$0	\$2,860,861
f. State Tax Refund	\$0	\$0
g. Permanent Disability Retirement Income	\$0	\$0
h. Out-of-State Income/Gain	\$0	\$0
i. 44% of Net Capital Gains Held for More than One Year	\$0	\$0
j. Volunteer Deductions	\$0	\$0
k. Contributions to SC College or Tuition Programs	\$0	\$0
l. Active Trade of Business Income Deduction	\$0	\$0
m. Interest Income from Obligations of the US Government	\$0	\$0
n. Nontaxable National Guard or Reserve Pay	\$0	\$0
o. Social Security and/or Railroad Retirement	\$0	\$0
p. Retirement Deduction		
p-1. Taxpayer	\$0	\$0
p-2. Spouse	\$0	\$0
p-3. Surviving Spouse #1	\$0	\$0
p-4. Surviving Spouse #2	\$0	\$0
Military Retirement Deduction		
p-4. Taxpayer	\$0	\$0
p-5. Spouse	\$0	\$0
p-6. Surviving Spouse	\$0	\$0
q. Age 65 and Older Deduction		
q-1. Taxpayer	\$0	\$0
q-2. Spouse	\$0	\$0
r. Negative Amount of Federal Taxable Income	\$0	\$0
s. Subsistence Allowance @ \$8.00	\$0	\$0
t. Dependents Under the Age of 6 on December 31st	\$0	\$4,050
u. Consumer Protection Services	\$0	\$0
v. Other Subtractions	\$0	\$0
w. South Carolina Dependent Exemption	\$0	\$0
4. Total Subtractions	\$0	\$4,050



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

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Individual Income Tax, Overpayments and Credits for 2016

	Reported	Audited
5. South Carolina Income Subject to Tax	\$0	\$2,856,811
6. South Carolina Tax	\$0	\$199,481
7. Tax on Lump Sum Distribution	\$0	\$0
8. Tax on Active Trade of Business Income	\$0	\$0
9. Tax on Excess Withdrawals from Catastrophe Savings	\$0	\$0
10. Total South Carolina Tax	\$0	\$199,481
11. Child and Dependent Care	\$0	\$0
12. Two Wage Earner Credit	\$0	\$0
13. Other Non-Refundable Credits	\$0	\$0
14. Total Non-Refundable Credits	\$0	\$0
15. Tax less Non-Refundable Credits	\$0	\$199,481
16. SC Income Tax Withheld	\$0	\$0
17. Estimated Tax Payments	\$0	\$0
18. Amount Paid with Extension	\$0	\$0
19. NR Sale of Real Estate	\$0	\$0
20. Other SC Withholding	\$0	\$0
21. Tuition Tax Credit	\$0	\$0
22a. Anhydrous Ammonia	\$0	\$0
22b. Milk Credit	\$0	\$0
22c. Classroom Teacher Expenses	\$0	\$0
22d. Parental Refundable Credit	\$0	\$0
22e. Motor Fuel Income Tax Credit	\$0	\$0
22. Total Other Refundable Credits	\$0	\$0
23. Total Payments	\$0	\$0
24. Overpayment	\$0	\$0
25. Amount Due	\$0	\$199,481
26. Use Tax	\$0	\$0
27. Amount of Line 24 to be Credited to Estimated Tax	\$0	\$0
28. Total Contributions for Check-offs	\$0	\$0
29. Sum of Lines 26-28	\$0	\$0
30. Refund Amount	\$0	\$0
31. Tax Due	\$0	\$199,481



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Individual Income Working Paper

Individual Income Federal Schedule Adjustments for 2016

Tax Schedule	Line Description	Description	Reported Amount	Audited Amount	Adjusted Amount
Federal 1040	40.	Total standard deductions	\$0.00	\$12,600.00	-\$12,600.00
Federal 1040	42.	Exemptions	\$0.00	\$12,150.00	-\$12,150.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$5,744.00	\$5,744.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$6,011.00	\$6,011.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$2,842,861.00	\$2,842,861.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$12,326.00	\$12,326.00
Schedule E	32.	Partnership & S-Corp Income (Loss)	\$0.00	\$18,669.00	\$18,669.00
			\$0.00	\$2,910,361.00	\$2,860,861.00

EXHIBIT 2


 Issued:
 11/23/21

Corporate Audit Period Summary for 2012

Period	Tax	Penalty	Interest	Total
12/31/2012	\$25.00	\$12.50	\$9.86	\$47.36
	\$25.00	\$12.50	\$9.86	\$47.36

Corporate Audit Penalty Summary for 2012

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2012	\$6.25	\$6.25	\$0.00
	\$6.25	\$6.25	\$0.00

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2012	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00


 Issued:
 11/23/21

Corporate Adjustments Summary for 2012

	Reported	Audited
1. Federal Taxable Income	\$0	\$730,354
2. Net Adjustment	\$0	\$0
3. Total Net Income as Reconciled	\$0	\$730,354
4. Total South Carolina Net Income	\$0	\$730,354
5. Income on Line 4 taxed to Shareholders of S Corporation	\$0	\$730,354
6. South Carolina Net Income Subject to Tax	\$0	\$0
7. Corporation Tax Due	\$0	\$0
8. Refundable Credits:		
a. Tax Withheld	\$0	\$0
e. Ammonia Additive	\$0	\$0
f. Milk Credit	\$0	\$0
g. Motor Fuel Income Tax Credit	\$0	\$0
9. Total Payments and Refundable Credits	\$0	\$0
10. Balance	\$0	\$0

Explanation of Income Tax Liability Adjustments



Issued:
11/23/21

Corporate License Fee for 2012

	Reported	Audited
14. Total Capital and Paid in Surplus	\$0	\$0
15. License Fee Due	\$0	\$25
16. Credit taken this year	\$0	\$0
17. Balance	\$0	\$25

Explanation of License Fee Adjustments



Adjustments To Federal Schedules for 2012

Federal Schedule Field	Description	Reported Amount	Audited Amount	Audit Adjustment
01a. Gross receipts or sales		\$0	\$5,184,625	\$5,184,625
02. Cost of goods sold		\$0	\$4,161,691	-\$4,161,691
19. Other deductions	Carried back 2013 operating expenses	\$0	\$97,443	-\$97,443
12. Taxes and licenses		\$0	\$195,137	-\$195,137
		\$0	\$9,638,896	\$730,354

Explanation of Federal Schedule Adjustments

Operating expenses carried back from tax year 2013. The tobacco excise taxes were estimated based on percentage of taxes to tobacco purchases from tax year 2013.

ADJ- 3-13-19- Carried back additional office expense of \$1419 as verified for 2013 to allowance for operating expense in 2012. Adjusted gross receipts are based on 19% tobacco gross margin percentage.



Corporate Audit Period Summary for 2013

Period	Tax	Penalty	Interest	Total
12/31/2013	\$25.00	\$12.50	\$8.70	\$46.20
	\$25.00	\$12.50	\$8.70	\$46.20

Corporate Audit Penalty Summary for 2013

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2013	\$6.25	\$6.25	\$0.00
	\$6.25	\$6.25	\$0.00

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2013	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00


 Issued:
 11/23/21

Corporate Adjustments Summary for 2013

	Reported	Audited
1. Federal Taxable Income	\$0	\$1,215,947
2. Net Adjustment	\$0	\$0
3. Total Net Income as Reconciled	\$0	\$1,215,947
4. Total South Carolina Net Income	\$0	\$1,215,947
5. Income on Line 4 taxed to Shareholders of S Corporation	\$0	\$1,215,947
6. South Carolina Net Income Subject to Tax	\$0	\$0
7. Corporation Tax Due	\$0	\$0
8. Refundable Credits:		
a. Tax Withheld	\$0	\$0
e. Ammonia Additive	\$0	\$0
f. Milk Credit	\$0	\$0
g. Motor Fuel Income Tax Credit	\$0	\$0
9. Total Payments and Refundable Credits	\$0	\$0
10. Balance	\$0	\$0

Explanation of Income Tax Liability Adjustments



Issued:
11/23/21

Corporate License Fee for 2013

	Reported	Audited
14. Total Capital and Paid in Surplus	\$0	\$0
15. License Fee Due	\$0	\$25
16. Credit taken this year	\$0	\$0
17. Balance	\$0	\$25

Explanation of License Fee Adjustments


 Issued:
 11/23/21

Adjustments To Federal Schedules for 2013

Federal Schedule Field	Description	Reported Amount	Audited Amount	Audit Adjustment
01a. Gross receipts or sales		\$0	\$8,222,587	\$8,222,587
02. Cost of goods sold		\$0	\$6,600,935	-\$6,600,935
11. Rents		\$0	\$19,710	-\$19,710
19. Other deductions	auto & truck- fuel	\$0	\$27,101	-\$27,101
19. Other deductions	bank charges	\$0	\$5,757	-\$5,757
19. Other deductions	freight	\$0	\$25,066	-\$25,066
19. Other deductions	professional fees- accounting	\$0	\$1,225	-\$1,225
19. Other deductions	supplies	\$0	\$4,164	-\$4,164
19. Other deductions	telephone	\$0	\$4,428	-\$4,428
19. Other deductions	utilities	\$0	\$1,422	-\$1,422
19. Other deductions	miscellaneous	\$0	\$30	-\$30
19. Other deductions	office	\$0	\$3,230	-\$3,230
12. Taxes and licenses		\$0	\$309,135	-\$309,135
19. Other deductions	insurance	\$0	\$4,437	-\$4,437
		\$0	\$15,229,227	\$1,215,947

Explanation of Federal Schedule Adjustments

ADJ- 3-13-19- Gross receipts adjusted to reflect 19% GM on tobacco items and 14.05% on non-tobacco items. Additional expenses allowed based on CC statements.


 Issued:
 11/23/21

Corporate Audit Period Summary for 2014

Period	Tax	Penalty	Interest	Total
12/31/2014	\$25.00	\$12.50	\$7.74	\$45.24
	\$25.00	\$12.50	\$7.74	\$45.24

Corporate Audit Penalty Summary for 2014

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2014	\$6.25	\$6.25	\$0.00
	\$6.25	\$6.25	\$0.00

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2014	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00


 Issued:
 11/23/21

Corporate Adjustments Summary for 2014

	Reported	Audited
1. Federal Taxable Income	\$0	\$1,488,431
2. Net Adjustment	\$0	\$0
3. Total Net Income as Reconciled	\$0	\$1,488,431
4. Total South Carolina Net Income	\$0	\$1,488,431
5. Income on Line 4 taxed to Shareholders of S Corporation	\$0	\$1,488,431
6. South Carolina Net Income Subject to Tax	\$0	\$0
7. Corporation Tax Due	\$0	\$0
8. Refundable Credits:		
a. Tax Withheld	\$0	\$0
e. Ammonia Additive	\$0	\$0
f. Milk Credit	\$0	\$0
g. Motor Fuel Income Tax Credit	\$0	\$0
9. Total Payments and Refundable Credits	\$0	\$0
10. Balance	\$0	\$0

Explanation of Income Tax Liability Adjustments



Issued:
11/23/21

Corporate License Fee for 2014

	Reported	Audited
14. Total Capital and Paid in Surplus	\$0	\$0
15. License Fee Due	\$0	\$25
16. Credit taken this year	\$0	\$0
17. Balance	\$0	\$25

Explanation of License Fee Adjustments



Adjustments To Federal Schedules for 2014

Federal Schedule Field	Description	Reported Amount	Audited Amount	Audit Adjustment
01a. Gross receipts or sales		\$0	\$10,350,459	\$10,350,459
02. Cost of goods sold		\$0	\$8,246,155	-\$8,246,155
11. Rents		\$0	\$18,750	-\$18,750
19. Other deductions	auto & truck- fuel	\$0	\$52,552	-\$52,552
19. Other deductions	bank charges	\$0	\$8,574	-\$8,574
19. Other deductions	freight	\$0	\$14,890	-\$14,890
19. Other deductions	miscellaneous	\$0	\$7	-\$7
19. Other deductions	office	\$0	\$9,123	-\$9,123
19. Other deductions	telephone	\$0	\$3,664	-\$3,664
19. Other deductions	utilities	\$0	\$1,495	-\$1,495
19. Other deductions	supplies	\$0	\$48,872	-\$48,872
19. Other deductions	insurance	\$0	\$2,046	-\$2,046
12. Taxes and licenses		\$0	\$455,900	-\$455,900
		\$0	\$19,212,487	\$1,488,431

Explanation of Federal Schedule Adjustments

ADJ- 3-13-19- Gross receipts adjusted to reflect 19% GM on tobacco items and 14.05% on non-tobacco items. Additional expenses allowed based on CC statements.


 Issued:
 11/23/21

Corporate Audit Period Summary for 2015

Period	Tax	Penalty	Interest	Total
12/31/2015	\$25.00	\$12.50	\$6.86	\$44.36
	\$25.00	\$12.50	\$6.86	\$44.36

Corporate Audit Penalty Summary for 2015

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2015	\$6.25	\$6.25	\$0.00
	\$6.25	\$6.25	\$0.00

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2015	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00


 Issued:
 11/23/21

Corporate Adjustments Summary for 2015

	Reported	Audited
1. Federal Taxable Income	\$0	\$2,205,349
2. Net Adjustment	\$0	\$0
3. Total Net Income as Reconciled	\$0	\$2,205,349
4. Total South Carolina Net Income	\$0	\$2,205,349
5. Income on Line 4 taxed to Shareholders of S Corporation	\$0	\$2,205,349
6. South Carolina Net Income Subject to Tax	\$0	\$0
7. Corporation Tax Due	\$0	\$0
8. Refundable Credits:		
a. Tax Withheld	\$0	\$0
e. Ammonia Additive	\$0	\$0
f. Milk Credit	\$0	\$0
g. Motor Fuel Income Tax Credit	\$0	\$0
9. Total Payments and Refundable Credits	\$0	\$0
10. Balance	\$0	\$0

Explanation of Income Tax Liability Adjustments



issued:
11/23/21

Corporate License Fee for 2015

	Reported	Audited
14. Total Capital and Paid in Surplus	\$0	\$0
15. License Fee Due	\$0	\$25
16. Credit taken this year	\$0	\$0
17. Balance	\$0	\$25

Explanation of License Fee Adjustments


 Issued:
 11/23/21

Adjustments To Federal Schedules for 2015

Federal Schedule Field	Description	Reported Amount	Audited Amount	Audit Adjustment
01a. Gross receipts or sales		\$0	\$14,853,172	\$14,853,172
02. Cost of goods sold		\$0	\$12,058,968	-\$12,058,968
11. Rents		\$0	\$26,625	-\$26,625
19. Other deductions	auto & truck- fuel	\$0	\$24,019	-\$24,019
19. Other deductions	bank charges	\$0	\$8,302	-\$8,302
19. Other deductions	freight	\$0	\$17,513	-\$17,513
19. Other deductions	miscellaneous	\$0	\$766	-\$766
19. Other deductions	office expense	\$0	\$12,954	-\$12,954
19. Other deductions	supplies	\$0	\$50,764	-\$50,764
19. Other deductions	telephone	\$0	\$3,916	-\$3,916
19. Other deductions	utilities	\$0	\$6,557	-\$6,557
19. Other deductions	security	\$0	\$5,720	-\$5,720
19. Other deductions	trash	\$0	\$330	-\$330
19. Other deductions	insurance	\$0	\$3,743	-\$3,743
12. Taxes and licenses		\$0	\$427,646	-\$427,646
		\$0	\$27,500,995	\$2,205,349

Explanation of Federal Schedule Adjustments

ADJ- 3-13-19- Gross receipts adjusted to reflect 19% GM on tobacco items and 14.05% on non-tobacco items. Additional expenses allowed based on CC statements.


 Issued:
 11/23/21

Corporate Audit Period Summary for 2016

Period	Tax	Penalty	Interest	Total
12/31/2016	\$25.00	\$12.50	\$5.55	\$43.05
	\$25.00	\$12.50	\$5.55	\$43.05

Corporate Audit Penalty Summary for 2016

Period	Late File Penalty	Late Pay Penalty	Substantial Understatement
12/31/2016	\$6.25	\$6.25	\$0.00
	\$6.25	\$6.25	\$0.00

Period	Negligence	Civil Fraud	Specific Penalty	Other
12/31/2016	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00


 Issued:
 11/23/21

Corporate Adjustments Summary for 2016

	Reported	Audited
1. Federal Taxable Income	\$0	\$2,842,861
2. Net Adjustment	\$0	\$0
3. Total Net Income as Reconciled	\$0	\$2,842,861
4. Total South Carolina Net Income	\$0	\$2,842,861
5. Income on Line 4 taxed to Shareholders of S Corporation	\$0	\$2,842,861
6. South Carolina Net Income Subject to Tax	\$0	\$0
7. Corporation Tax Due	\$0	\$0
8. Refundable Credits:		
a. Tax Withheld	\$0	\$0
e. Ammonia Additive	\$0	\$0
f. Milk Credit	\$0	\$0
g. Motor Fuel Income Tax Credit	\$0	\$0
9. Total Payments and Refundable Credits	\$0	\$0
10. Balance	\$0	\$0

Explanation of Income Tax Liability Adjustments



Issued:
11/23/21

Corporate License Fee for 2016

	Reported	Audited
14. Total Capital and Paid in Surplus	\$0	\$0
15. License Fee Due	\$0	\$25
16. Credit taken this year	\$0	\$0
17. Balance	\$0	\$25

Explanation of License Fee Adjustments


 Issued:
 11/23/21

Adjustments To Federal Schedules for 2016

Federal Schedule Field	Description	Reported Amount	Audited Amount	Audit Adjustment
01a. Gross receipts or sales		\$0	\$18,760,571	\$18,760,571
02. Cost of goods sold		\$0	\$14,639,466	-\$14,639,466
11. Rents		\$0	\$42,000	-\$42,000
12. Taxes and licenses		\$0	\$1,141,702	-\$1,141,702
19. Other deductions	auto & truck- fuel	\$0	\$39,988	-\$39,988
19. Other deductions	bank charges	\$0	\$13,410	-\$13,410
19. Other deductions	freight	\$0	\$8,035	-\$8,035
19. Other deductions	office expense	\$0	\$8,710	-\$8,710
19. Other deductions	telephone	\$0	\$3,270	-\$3,270
19. Other deductions	utilities	\$0	\$7,798	-\$7,798
19. Other deductions	security	\$0	\$480	-\$480
19. Other deductions	trash	\$0	\$1,222	-\$1,222
19. Other deductions	supplies	\$0	\$11,242	-\$11,242
19. Other deductions	insurance	\$0	\$387	-\$387
		\$0	\$34,678,281	\$2,842,861

Explanation of Federal Schedule Adjustments

ADJ- 3-13-19- Gross receipts adjusted to reflect 19% GM on tobacco items and 14.05% on non-tobacco items.
 Additional expenses allowed based on CC statements.

THE STATE OF SOUTH CAROLINA
In The Court Of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

HONORABLE DEBORAH BROOKS DURDEN, ADMINISTRATIVE LAW JUDGE

CASE NO. 19-ALJ-17-0338-CC
APPELLATE CASE NO. 2021-001528

CASE NO. 19-ALJ-17-0339-CC
APPELLATE CASE NO. 2021-001547

CDT, Inc., and Vimlesh V. Patel and Punita Patel,.....Appellants,

v.

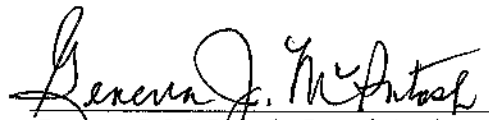
South Carolina Department of Revenue,.....Respondent.

PROOF OF SERVICE

I hereby certify that I have served the Respondent's Reply to the Appellants' Consolidated Response in Opposition to the Respondent's Motion to Dismiss by depositing a copy of it in the United States Mail, postage prepaid, and caused a copy to be electronically transmitted on the below date, addressed to the Appellants' attorneys of record:

Scott F. Talley, Esquire - Scott@talleylawfirm.com
291 South Pine Street
Spartanburg SC 29302

Steven E. Buckingham, Esquire - seb@buckingham.legal
16 Wellington Avenue
Greenville SC 29609


Geneva J. McIntosh, Legal Assistant
South Carolina Department of Revenue

January 27, 2022

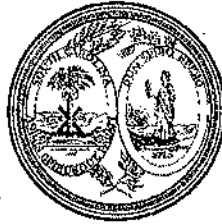
STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
OFFICE OF GENERAL COUNSEL

RECEIVED

Jan 27 2022

SC Court of Appeals

300A Outlet Pointe Blvd.
Columbia, SC 29210



Main Line: 803.898.5130

Facsimile: 803-896-0171

January 27, 2022

VIA U.S. MAIL & ELECTRONIC MAIL TO CTAPPFILINGS@SCCOURTS.ORG

The Honorable Jenny Abbott Kitchings
Clerk of Court
SC Court of Appeals
P.O. Box 11629
Columbia, SC 29211

Re: CDT, Inc. v. South Carolina Department of Revenue

ALC Docket No: 19-ALJ-17-0338-CC

Appellate Case No.: 2021-001528

DOR File Number: 190115

Vimlesh V. Patel and Punita Patel vs. South Carolina Department of Revenue

ALC Docket No: 19-ALJ-17-0339-CC

Appellate Case No.: 2021-001547

DOR File Number: 190112

Dear Ms. Kitchings:

Enclosed please find Respondent's Reply to the Appellants' Consolidated Response in Opposition to the Respondent's Motion to Dismiss in connection with the above referenced matters. Additionally, I have enclosed a Proof of Service.

By copy of this letter I am serving all counsel of record with a copy of same.

If you have any questions or need anything further from me, please do not hesitate to contact me at 803-898-5375 or Sean.Ryan@dor.sc.gov.

With my regards, I am

Sincerely,

A handwritten signature in black ink that reads "Sean G. Ryan".

Sean G. Ryan, Esquire
Senior Counsel, Tax

SGR/gjm
Enclosures

c: Scott F. Talley, Esquire Scott@talleylawfirm.com-
Steven E. Buckingham, Esquire - seb@buckingham.legal